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Public Comment
Low-Threat UST Case Closure Policy
Deadline: 03/19/12 by 12:00 PM

Mike Kalmanson, SIOR
Senior Vice President
Office Group

President & Council Member

February 24, 2012

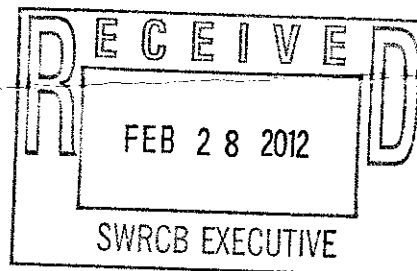


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Ms. Jeanine Townsend
Clerk to the Board
State Water Resources Control Board
1001 I Street, 24th Floor
Sacramento, CA 95814

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Licensed Real Estate Broker
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Subject: Comment re: Low-Threat UST Closure Policy



Dear Ms. Townsend:

The following are some of our comments for the Low-Threat UST Closure Policy (policy). I am a commercial realtor who represents a couple of current and future property owners of UST gas stations.

The current owners of the UST have been, and currently are paying 2 cents per gallon into the CA Cleanup Fund (Fund). Some of these sites are currently undergoing some form of cleanup: site assessments, soil and groundwater remediation, post remediation etc.

My client's main concern is: If the site is granted "closure" under this new policy, what does that do to property values with elevated soil and groundwater contamination remaining? I have talked commercial property appraisers and they have said that this would de-value the property value regardless of "low risk closure" being granted.

Once the site is granted "low risk closure" with these elevated levels, the site is no longer eligible for State Funding (unless they have a new release). These sites will continue to pay into the Fund the 2 cents per gallon, but they will no longer be eligible for any costs associated with potential claims/cleanups etc.

My belief was that the UST Fund was initiated to help UST owners who are funding the program, have their sites restored to pre UST conditions to save property values. Most UST clients that I have talked to are very nervous that this "low risk policy" will not restore property values to pre UST levels.

If a Phase II indicates the presence of soil or both soil and groundwater contamination, regardless of the new policy "low risk closure" levels, I will recommend these finding to be reported to the appropriate agencies and a new claim be submitted to the Fund. My current and future clients will now not be eligible to clean up sites that are reducing their property values. If this is the

case and my clients are forced to pay for cleanup while still paying into the Fund, this may require us to take further legal action against the State of California.

Others that I have discussed this with all state that they will either want additional cleanup, a drastically reduced purchase price, or a substantial amount of money left in escrow to cover possible future cleanup cost. The few banks I have discussed this with are national banks and they state that they are governed by federal standards and those federal maximum concentrations levels (mcls) are what they are requiring. If a site is above federal mcls, then they will not approve the loan.

We agree numerous sites will achieve site closure with this new policy, new California mcls, but a lot of these closed sites will not be a salable piece of property.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Kalmanson", with a long horizontal flourish extending to the right.

Mike Kalmanson, SIOR
Senior Vice President
Office Group
Licensed Real Estate Broker, CA-licensed # 00590623